



Delaware State Judiciary Pension Plan

**Actuarial Valuation
as of June 30, 2025**

Produced by Cheiron

December 2025

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December 12, 2025

Board of Pension Trustees
State of Delaware
McArdle Building
860 Silver Lake Boulevard, Suite 1
Dover, Delaware 19904

Dear Members of the Board:

At your request, we have conducted the annual actuarial valuation of the Delaware State Judiciary Pension Plan (Plan) as of June 30, 2025. The results of this valuation are contained in this report. The purpose of the valuation is discussed in the Foreword.

This report contains information on Plan assets and liabilities and analyses combining asset and liability performance and projections. It also discloses State contribution levels and certain required disclosures under the Governmental Accounting Standards Board (GASB) Statement No. 67.

In completing the valuation and preparing our report, we relied on information, some oral and some written, supplied by the Office of Pensions staff. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

The contribution results of this report are only applicable to the State contribution for Fiscal Year (FY) 2027 and rely on future Plan experience conforming to the underlying assumptions. Future experience may differ significantly from the current experience due to such factors as the following: Plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in Plan provisions or applicable law.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations, including the use of assumptions and methods for funding purposes that comply with the Actuarial Standards of Practice. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Board of Pension Trustees

December 12, 2025

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This report was prepared for the Delaware State Judiciary Pension Plan for the purposes described herein and for the use by the Plan's auditor in completing an audit related to the matters herein. Other users of this valuation report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron



Fiona E. Liston, FSA, EA, MAAA
Principal Consulting Actuary



Elizabeth Wiley, FSA, EA, MAAA, FCA
Consulting Actuary

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

FOREWORD

Cheiron has performed the annual actuarial valuation of the Delaware State Judiciary Pension Plan (Plan) as of June 30, 2025. The purpose of this report is to:

- 1) Measure and disclose**, as of the valuation date, the financial condition of the Plan,
- 2) Indicate trends** in the financial condition of the Plan,
- 3) Determine the contribution rate** to be paid by the State for Fiscal Year (FY) 2027, and
- 4) Provide** certain accounting statement information.

An actuarial valuation establishes and analyzes plan assets and liabilities on a consistent basis and traces the progress of both from one year to the next. It includes measurement of the plan's investment performance as well as an analysis of liability gains and losses.

Section I presents a summary containing our findings and discloses important trends experienced by the Plan in recent years.

Section II reviews the primary risks facing the Plan and quantifies these using various risk and maturity measures.

Section III contains details on various asset measures, together with pertinent performance measurements.

Section IV shows similar information on liabilities, measured for actuarial, accounting, and governmental reporting purposes.

Section V presents the FY 2027 Actuarially Determined Contribution.

Section VI includes certain required disclosures under Governmental Accounting Standards Board (GASB) Statement No. 67 and items recommended by the Government Finance Officers Association (GFOA).

The appendices to this report contain a summary of the Plan's membership at the valuation date, a summary of the major provisions of the Plan, and a summary of the actuarial methods and assumptions used in the valuation.

The actuarial assumptions reflect our understanding of the likely future experience of the Plan, and the assumptions, individually and as a whole, represent our best estimate for the future experience of the Plan. The results of this report rely on future Plan experience conforming to the underlying assumptions and methods outlined in this report. To the extent that the actual Plan experience deviates from the underlying assumptions and methods, or there are any changes in Plan provisions, the true cost of the Plan will vary from our results.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION I – BOARD SUMMARY

General Comments

The Actuarially Determined Contribution (ADC) rate was calculated to increase from 13.87% for FY 2026 to 15.66% for FY 2027.

During the year ended June 30, 2025, the Plan's assets earned 11.01% on a market value basis. However, due to the Plan's asset smoothing method, which recognizes portions of investment gains and losses over time, the return on an actuarial value basis was 8.06%. This return was higher than the assumed investment rate of return of 7.00% for the prior year, resulting in an actuarial gain on investments of \$1.1 million.

As of February 9, 2025, eligible employees in the State Employees' Plan were offered a one-time election to transfer to the Judiciary Plan while maintaining their existing contribution rate.

Additionally, new members entering the Judiciary Plan on or after February 9, 2025 will contribute at 5% of annual compensation in excess of \$6,000. Members hired before this date continue to contribute 3% of annual compensation in excess of \$6,000 up to the Social Security wage base, and 5% of total compensation in excess of the Social Security wage base.

The Plan's active enrollment grew from 60 to 125 members primarily due to the elections described above. The delayed recognition of these new entrants to the Plan created a liability loss of approximately \$502 thousand. This amount was more than covered by the additional State and member contributions which came in during the period.

The Plan experienced a small actuarial loss on Plan liabilities resulting from salary increases different from those assumed and members retiring, terminating, becoming disabled, and dying at rates different from the actuarial assumptions. This liability loss increased the actuarial liability by \$142 thousand. This type of relatively small gain or loss is normal in the course of Plan experience, as we cannot predict exactly how people will behave.

This valuation report also contains certain information to be reported in the June 30, 2025 Annual Comprehensive Financial Report (ACFR) of the Delaware Public Employees' Retirement System (Delaware PERS) under GASB Statement No. 67, as well as additional disclosure information recommended by the Government Finance Officers Association (GFOA). The GASB disclosures are based on the use of update procedures to roll forward the 2024 actuarial valuation liability results. The calculation of net pension liability in Section VI is shown as disclosed for the plan year ended June 30, 2025, based on the 2024 funding actuarial valuation liability results, updated by the roll forward. We also present a projection of the June 30, 2026 disclosure in Section VI, assuming all actuarial assumptions are exactly met over the coming year, which is based on the 2025 funding actuarial valuation liability results.

As of the June 30, 2025 funding actuarial valuation, the Plan reported a net surplus, equivalent to a negative unfunded actuarial liability, of \$12.4 million. This is an increase from the \$10.3 million surplus for the prior year.

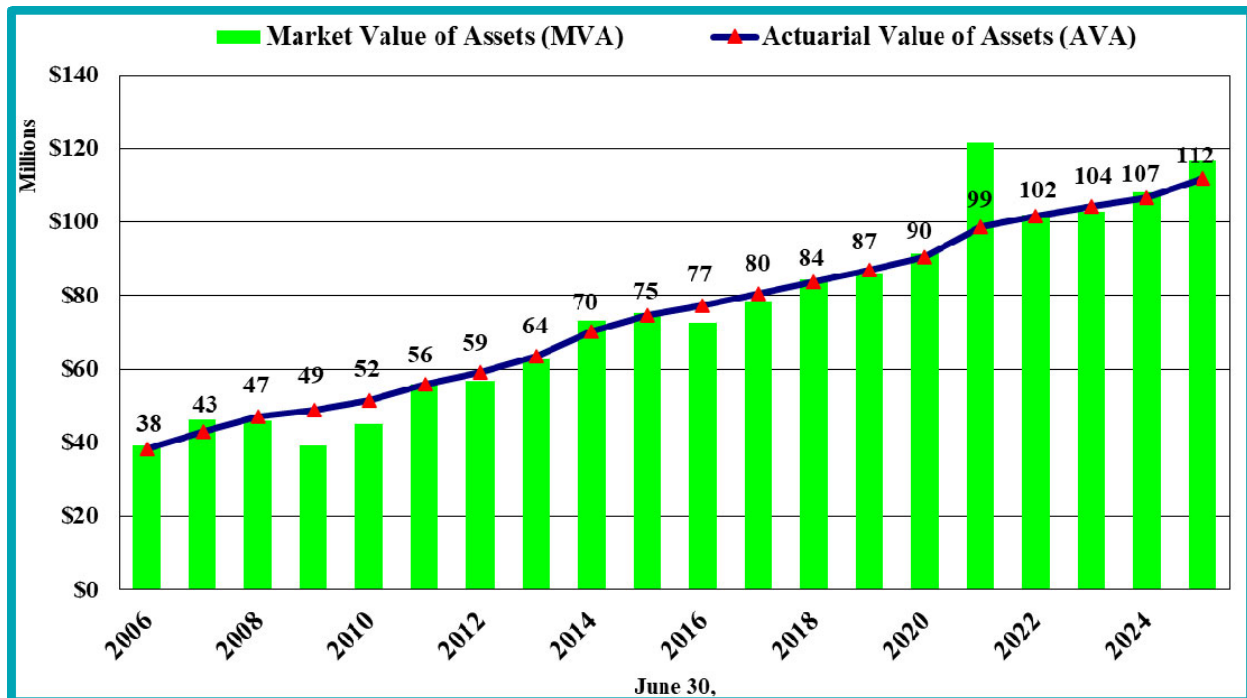
DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025

SECTION I – BOARD SUMMARY

Trends

Asset Returns

The graph below shows measurements of the Plan’s assets over the last 20 years based on market and actuarial values. The green bars represent the market value measurements, while the blue line shows the smoothed actuarial value measurements. The black labels above the blue line are the Actuarial Value of Asset measurements as of the valuation date for each year in millions of dollars.



The Market Value of Assets (MVA) returned 11.0% over the last year. The determination of the Plan’s Actuarial Value of Assets (AVA) for the current year reflects a portion of the return exceeding the 7.0% assumed for the prior year, and continued recognition of prior years’ gains and losses, with the combined effect of returning 8.1% over FY 2025.

Over the period of July 1, 2006 to June 30, 2025, the Plan’s assets, measured using the Actuarial Value of Asset measurements, returned a compound 7.3%, compared to the current valuation assumption of 7.0%. The Plan returned 7.4% over the same period on a Market Value of Assets basis.

DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025

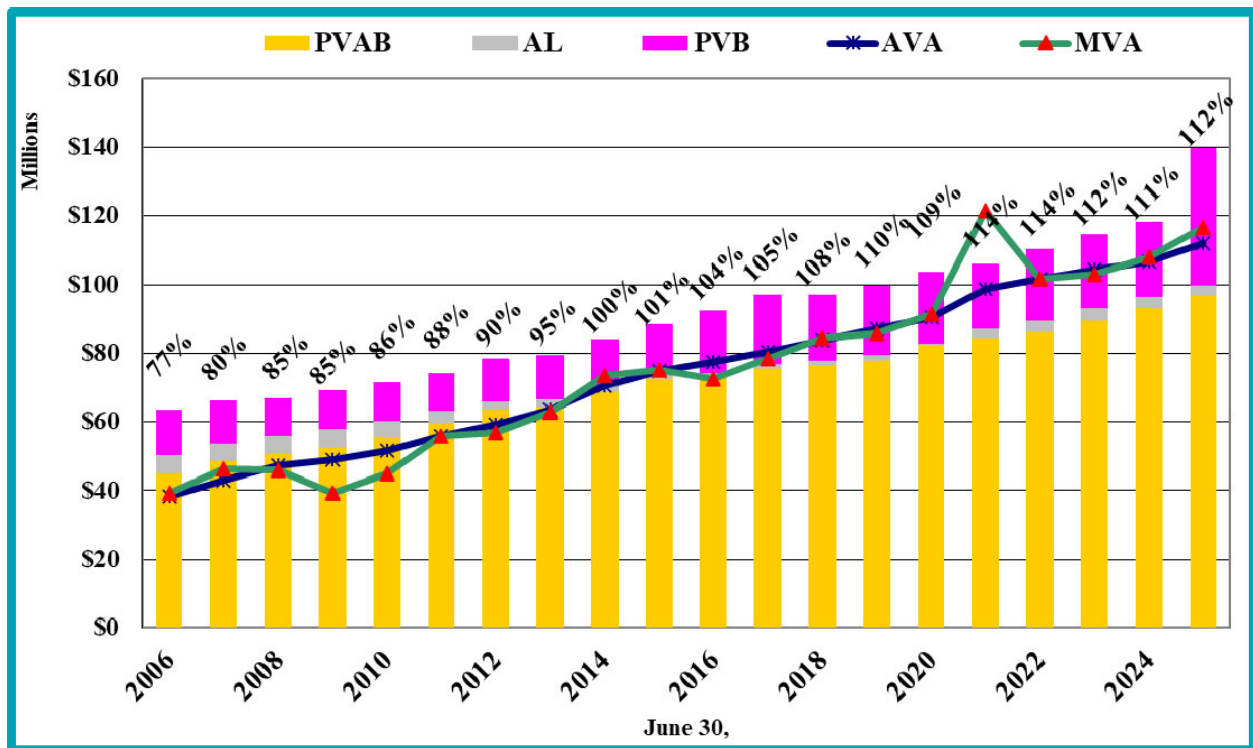
SECTION I – BOARD SUMMARY

Assets and Liabilities

The three colored bars below represent the three different measures of liability discussed in this report. The first measure is given by the yellow bars, the present value of accrued benefits (PVAB). The PVAB values represent the value of all benefits earned by current members through the valuation date. These values do not reflect any future additional service or salary increases for current members beyond the valuation dates.

The second liability measure shown is the one currently used for the Plan's funding target, the actuarial liability (AL). The top of the gray bars represents these target amounts. This measurement is also the basis of the liability measure used in GASB 67. The funded ratios reported by the Plan are the percentages shown above the bars and are developed by comparing the Actuarial Value of Assets to these target liability measurements at each valuation date.

The amount represented by the top of the pink bars, the present value of future benefits (PVB), is the amount needed as of each valuation date to provide all benefits for the current members and their beneficiaries, including reflection of assumed future service and pay increases. If the Plan had an Actuarial Value of Assets equal to the PVB as of a certain date, no additional contributions would, in theory, be needed to pay the benefits of the current members if all assumptions were exactly met from that point forward.

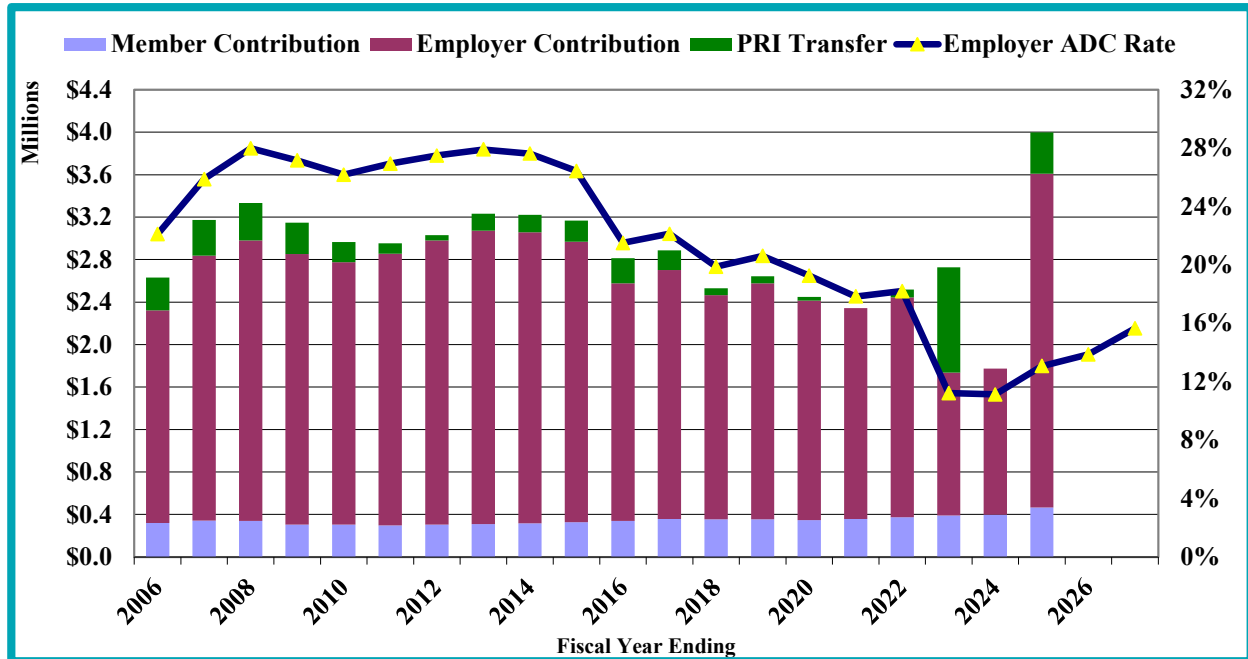


The funded ratios shown are the AVA as a percentage of AL, and the values would be different if presented as MVA as a percentage of AL.

DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025

SECTION I – BOARD SUMMARY

Contribution Rates



The stacked bars in the graph above show the actual dollar amounts of the contributions made by the State, the Post-Retirement Increase Fund (PRI), and the members for each fiscal year. They are read using the left-hand scale. The blue line shows the State Actuarially Determined Contribution (ADC) rate as a percentage of payroll and is read using the right-hand scale. Contributions grew in 2025 primarily due to the higher payroll from the higher employee count.

The member contribution rate is set by State law, based on the plan in which the member participates. The State contribution rate is set by the actuarial process, while the PRI transfer amounts depend on the increases granted by the State Legislature. Please note that there is a lag between the calculation of the State contribution rates shown and when they are payable. For example, the value shown for FY 2025 is the rate prepared by the June 30, 2023 valuation and implemented for the period July 1, 2024 to June 30, 2025. As such, two more years of rates are shown beyond the years of actual contributions.

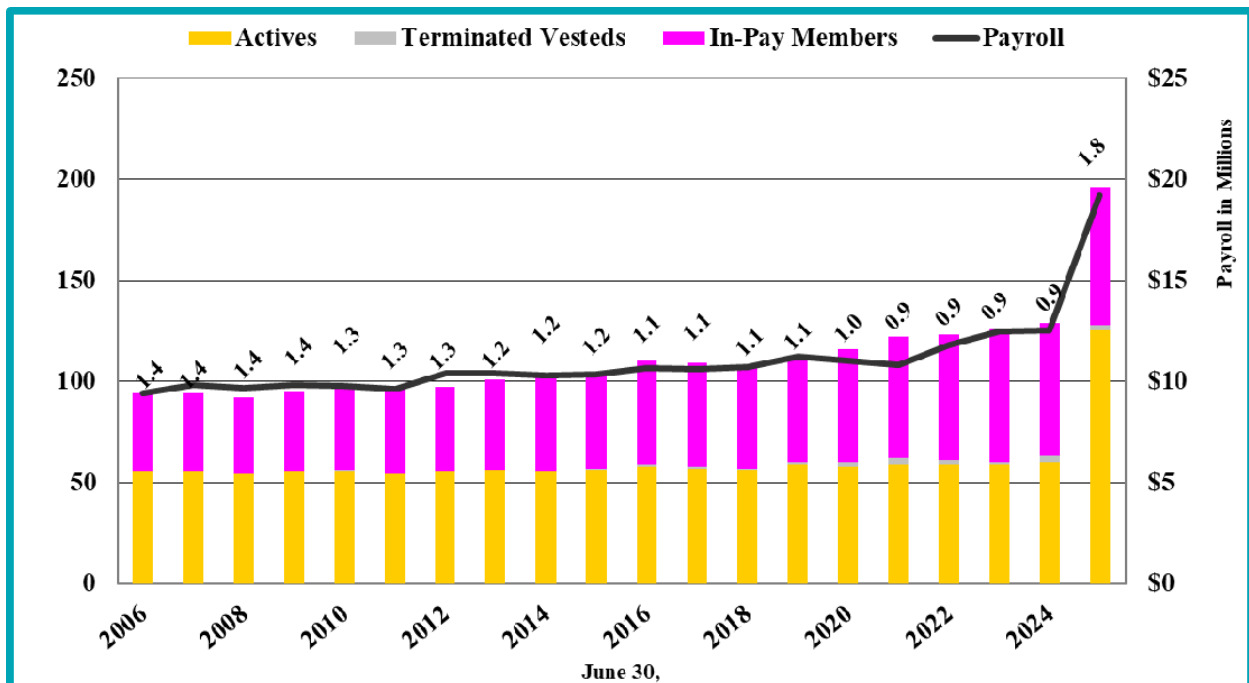
DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025

SECTION I – BOARD SUMMARY

Participant Trends

The bars below show the number of members as of each valuation date, divided between active members, terminated vested members, and retirees/beneficiaries. These bars are read using the left-hand scale. As with most maturing plans, this plan continues to show growth in the number of inactive members. The numbers above each bar represent the ratio of active members to inactive members (retirees, beneficiaries, and terminated vested members) at each valuation date. The active-to-inactive ratio decreased from 1.4 actives for each inactive in 2006 to 0.9 actives in 2024. As a result of the extension of Plan eligibility as of February 9, 2025, the ratio increased to 1.8 actives for each inactive in 2025.

The black line shows the Plan's covered payroll as of each valuation date and is read using the right-hand scale.

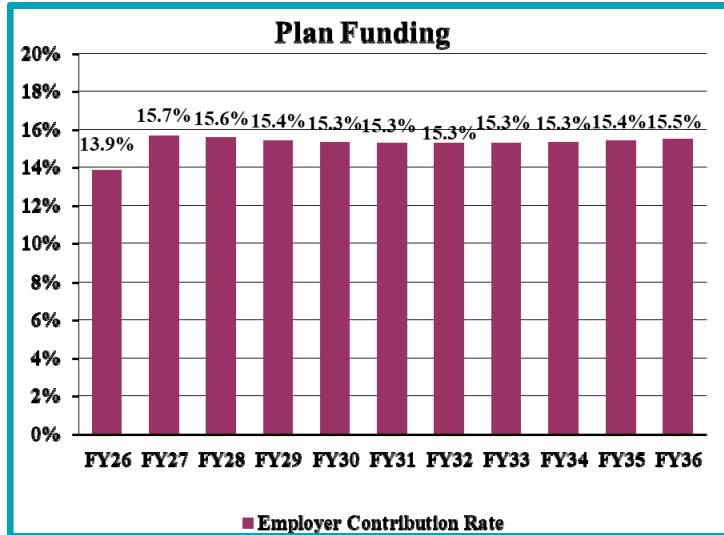


**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION I – BOARD SUMMARY

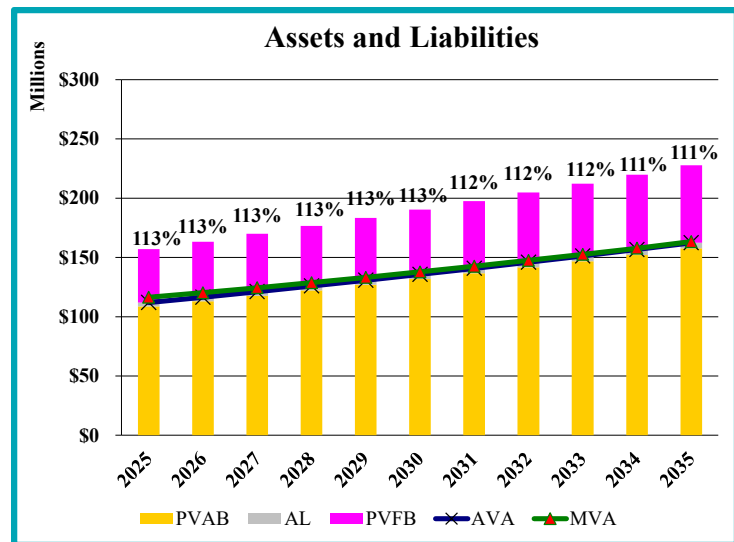
Future Outlook

Baseline Projections



These graphs show the expected progress of the Plan over the next 10 years, assuming the Plan’s assets earn 7.0% on a *market value* basis and assuming all other assumptions are exactly met, including that the Actuarially Determined Contribution (ADC) amounts are made in full. The chart entitled “Plan Funding” shows the projected State ADC rate begins at 13.9%, increases to the FY 27 rate of 15.7%, and then decreases to 15.5% at the end of this 10-year period, absent further gains and losses.

The “Assets and Liabilities” graph shows the projected funded ratios for the Plan over the 10-year projection period. The Plan’s funded status is projected to decrease slightly from 113% to 111% over the 10-year projection period, assuming all assumptions are exactly met.

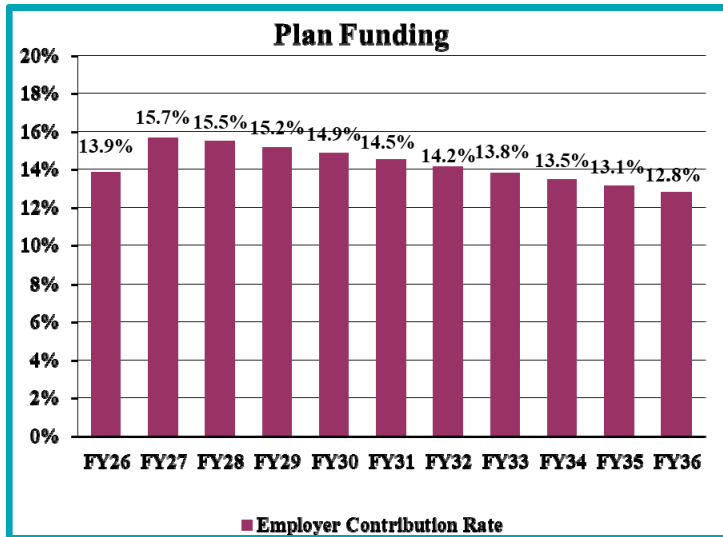


The funded ratios shown are the AVA as a percentage of AL, and the values would be different if presented as MVA as a percentage of AL.

DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025

SECTION I – BOARD SUMMARY

Projections with Asset Returns of 8.0%

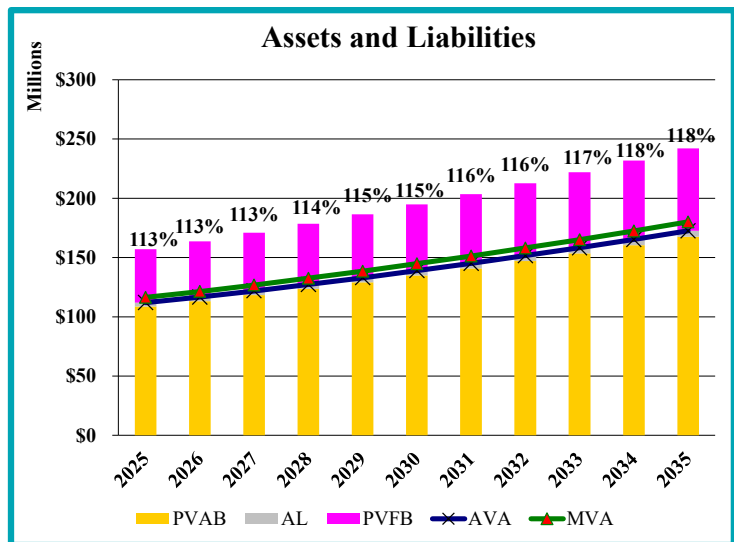


The Plan's investment earnings will affect its future funding status. The two graphs on this page show what the next 10 years are expected to look like if the Plan's investment performance is 8.0% each year, 1.0% higher than the valuation investment rate of return assumption.

These two graphs assume all other assumptions are exactly met, including actual State contributions equaling the full actuarially determined amounts.

The "Plan Funding" graph shows that the State ADC rate would decrease under this scenario while the baseline case remains relatively level over the period. The rate decreases from 15.7% for FY 27 down to 12.8% of payroll at the end of the 10-year projection period.

The "Assets and Liabilities" graph shows that under this scenario, the Plan would reach a 118% funded ratio by 2035, an improvement over the baseline scenario's ultimate level of 111%. With ongoing investment gains, the Market Value would be higher than the Actuarial Value of Assets for the entire period.

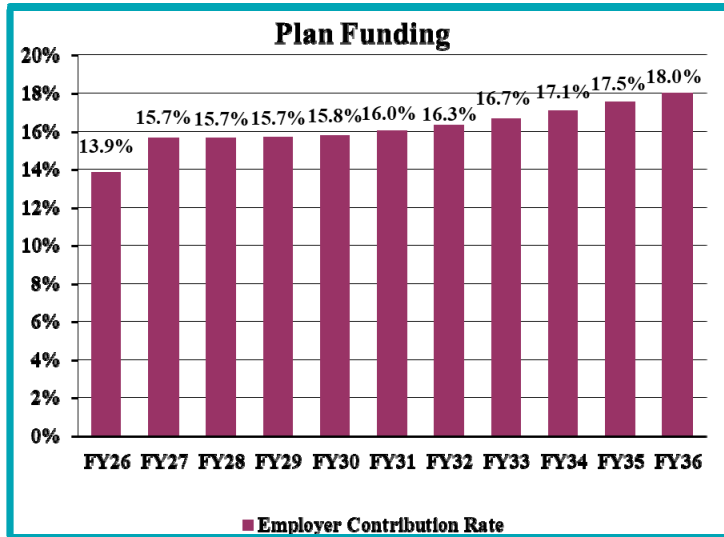


The funded ratios shown are the AVA as a percentage of AL, and the values would be different if presented as MVA as a percentage of AL.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION I – BOARD SUMMARY

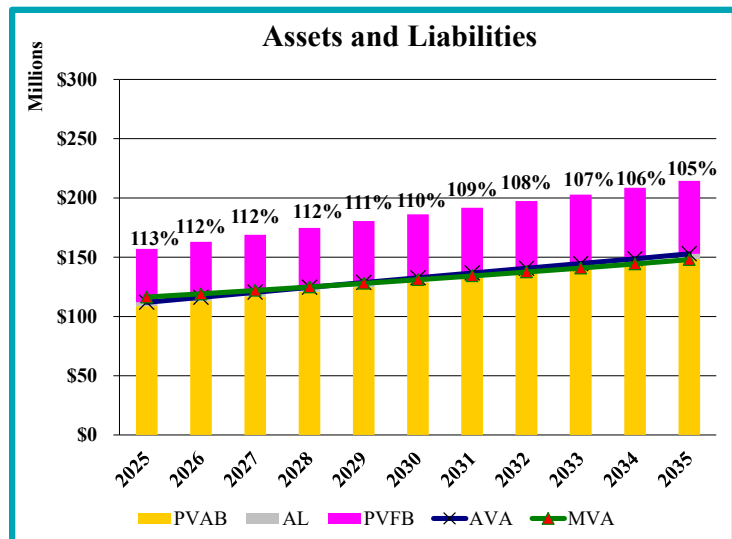
Projections with Asset Returns of 6.0%



The graphs on this page show projections of the Plan's funding status and contributions assuming that the Plan's investment performance is 6.0% each year of the projection, 1.0% lower than the valuation investment rate of return assumption.

Note that these projections assume that all other assumptions are exactly met, including actual State contributions equaling the full actuarially determined amounts.

Under this scenario, the State ADC increases to 18.0% of payroll by the end of the 10-year projection period, greater than the 15.5% ultimate rate in the baseline scenario. Additionally, the funded ratio is projected to be lower in this scenario, reaching 105% at the end of the 10-year projection period, compared to the 111% ultimate ratio in the baseline scenario. By introducing investment losses, the Market Value would be lower than the Actuarial Value of Assets beginning in 2029.



The funded ratios shown are the AVA as a percentage of AL, and the values would be different if presented as MVA as a percentage of AL.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION I – BOARD SUMMARY

**Table I-1
Summary of Principal Plan Results**

Valuation as of:	June 30, 2024	June 30, 2025	% Change
<u>Member Counts</u>			
Active Members	60	125	108.33%
Disabled Members	0	0	N/A
Retirees and Beneficiaries	66	68	3.03%
Terminated Vested Members	3	3	0.00%
Terminated Non-Vested Members	<u>0</u>	<u>0</u>	N/A
Total Member Counts	129	196	51.94%
Covered Payroll of Active Members*	\$ 12,518,200	\$ 19,216,500	53.51%
Annual Benefit Payments for Retirees, Disabled Members, and Beneficiaries	\$ 7,007,000	\$ 7,302,800	4.22%
<u>Assets and Liabilities</u>			
Actuarial Liability (AL)	\$ 96,453,000	\$ 99,562,500	3.22%
Actuarial Value of Assets (AVA)	<u>106,728,800</u>	<u>112,000,300</u>	4.94%
Unfunded AL (UAL)	\$ (10,275,800)	\$ (12,437,800)	(21.04)%
Funded Ratio on AVA Basis (AVA/AL)	110.7%	112.5%	
Funded Ratio on MVA Basis (MVA/AL)	111.9%	117.0%	
Present Value of Accrued Benefits (PVAB)	\$ 93,178,000	\$ 96,649,000	3.73%
Market Value of Assets (MVA)	<u>107,955,400</u>	<u>116,456,600</u>	7.87%
Unfunded PVAB	\$ (14,777,400)	\$ (19,807,600)	(34.04)%
Accrued Benefit Funded Ratio (MVA/PVAB)	115.9%	120.5%	
<u>State Contribution Rate</u>			
	Fiscal Year 2026	Fiscal Year 2027	
Entry Age Normal Cost	20.15%	20.39%	
UAL Amortization Payment	(6.43%)	(4.88%)	
Administrative Expense	<u>0.15%</u>	<u>0.15%</u>	
Actuarially Determined Contribution (ADC)	13.87%	15.66%	

* Assumes one year of payroll increase projection, so represents payroll beginning on each valuation date.

DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025

SECTION II – RISK DISCLOSURE

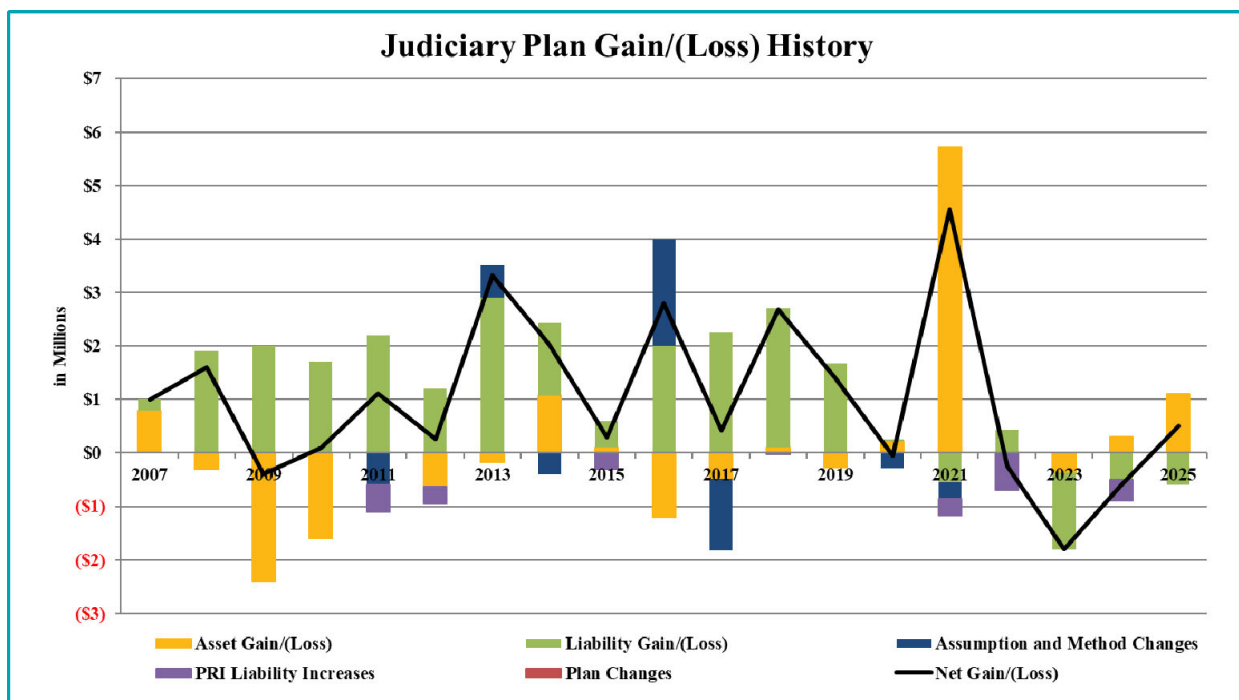
Introduction

The Plan’s actuarial valuation results are dependent on assumptions about future economic and demographic experience. Based on actuarial standards of practice, the assumptions represent a reasonable estimate for future experience. However, actual future experience will never conform exactly to the assumptions and may differ significantly from the assumptions. This deviation is the risk that pension plan sponsors undertake in relying on a pension plan’s actuarial valuation results.

This section of this report is intended to identify the primary drivers of these risks, provide background information and assessments about these identified risks, and communicate the significance of these risks to this plan.

Historical Experience

For this plan, the two primary measurements where there is a risk that the actual measurements will significantly differ from the expected future measurements are the measurements of the liabilities and assets of the Plan and the resulting calculation of the Actuarially Determined Contributions. Therefore, while future experience will not be the same as past experience, it is useful to look at what factors have contributed to the actual liability measurements at each valuation date deviating from that predicted by the prior year’s valuation. The following graph shows the gains/(losses) for each valuation date between the actual unfunded liability measurement and the expected unfunded liability broken down by cause.



**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION II – RISK DISCLOSURE

This shows that the liability gain/(loss) has generally been the most significant risk for the Plan over this period in regard to the actual liability measurements deviating from the expected. After that, the next two most significant causes are the asset gain/(loss) and increases in liability from the PRI increases. Over the whole period, the liability gain/(loss) has had the greatest cumulative impact on the liability but has relatively small gains and losses after 2019 with changes in assumptions.

Risk Identification

Considering the specific characteristics of the Plan, the assumptions and methods used in the actuarial valuations for the Plan, and the recent history, we have identified the risks that we think are the most significant in terms of possibly leading to actual values of the measurements deviating from those expected by the valuation process, as follows:

- Investment risk,
- Longevity and other demographic risk, and
- Assumption change risk.

While we have identified these risks as potentially significant in regard to actual measurements deviating from expected, it is possible that there are other risks that we have not identified that will turn out to be significant. For example, while it is possible that the State could start paying contributions other than the Actuarially Determined Contributions, and the measurements thus differ as a result of contribution risk, we have not included contribution risk above, as this Plan has consistently received contributions equal to what is assumed in the valuation process.

Investment Risk is the potential for investment returns to be different than anticipated. In the case of this plan, that is the risk that the returns on assets will be materially different from the 7.0% that is currently assumed. If actual investment returns are lower than anticipated by the assumptions used in the actuarial valuation, this will decrease the surplus liability measurements and require higher contributions in the future than if the actual returns equaled the assumed returns. On the other hand, if the actual returns are higher than the assumptions, the resulting unfunded liability measurements and Actuarially Determined Contributions will be lower than anticipated. As seen in the historical section, this has been a significant driver of deviations in the actual measurements from those expected by the valuations.

Longevity and Other Demographic Risk is the potential for mortality or other demographic experience to be different than expected. Generally, longevity and other demographic risks emerge slowly over time as the actual experience deviates from expected and is typically periodically reduced through the Plan's regular actuarial experience process. As such, these risks are often dwarfed by other risks, particularly those due to the investment returns. However, for small plans like this, there are relatively few members and so the behavior of individual members can have significant impact on the liabilities. The historical section shows that this is true for this plan, with the magnitude of the gains and losses from liability experience being generally of even greater magnitude than those from investment experience.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION II – RISK DISCLOSURE

Assumption Change Risk is the potential for the environment to change such that future valuation assumptions are different than the current assumptions. Causes of these changes include capital market changes resulting in changes in the assumed rates of return, changes in employee behavior and/or plan provisions requiring changes in the demographic assumptions, and similar changes. Assumption change risk is an extension of the risks previously identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in environment when the current assumption is no longer reasonable. The historical review earlier in this section showed that assumption change risk has been a relatively significant risk for this plan over the recent historical period.

The revisions to the assumed rate of return from 8.0% to 7.5% in 2011, from 7.5% to 7.2% in 2014, and from 7.2% to 7.0% in 2017 constitute the majority of the increases to the unfunded measurements from the expected values as a result of assumption changes. Changes to the demographic assumptions to reflect mortality improvements have also had a relatively significant impact as have changes in the methodology of the funding policy throughout the years. The remaining changes to assumptions have had relatively insignificant impacts.

It is important to note that these changes simply reflect recognizing changes in the expected values of assumptions. If these revisions had not been made, we would anticipate that these amounts would be gradually recognized in the other risks. If future expectations of assumptions such as interest rates or mortality change further, we anticipate similar amounts will have to be recognized.

Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified in the previous section than a less mature plan. Before assessing the risks to the Plan from a forward-looking perspective, it is of value to understand the maturity of the Plan compared to other plans, as well as how the Plan's maturity has changed over time.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic: the larger the plan is compared to the contribution or revenue base that supports it, the more sensitive the plan will be to risk. Extensive measures are available to assess plan maturity. For this plan, we have examined a number of these, and all indicate that the Plan is maturing but is less mature than most of its peers. We have included the most simplistic of these measures to demonstrate this.

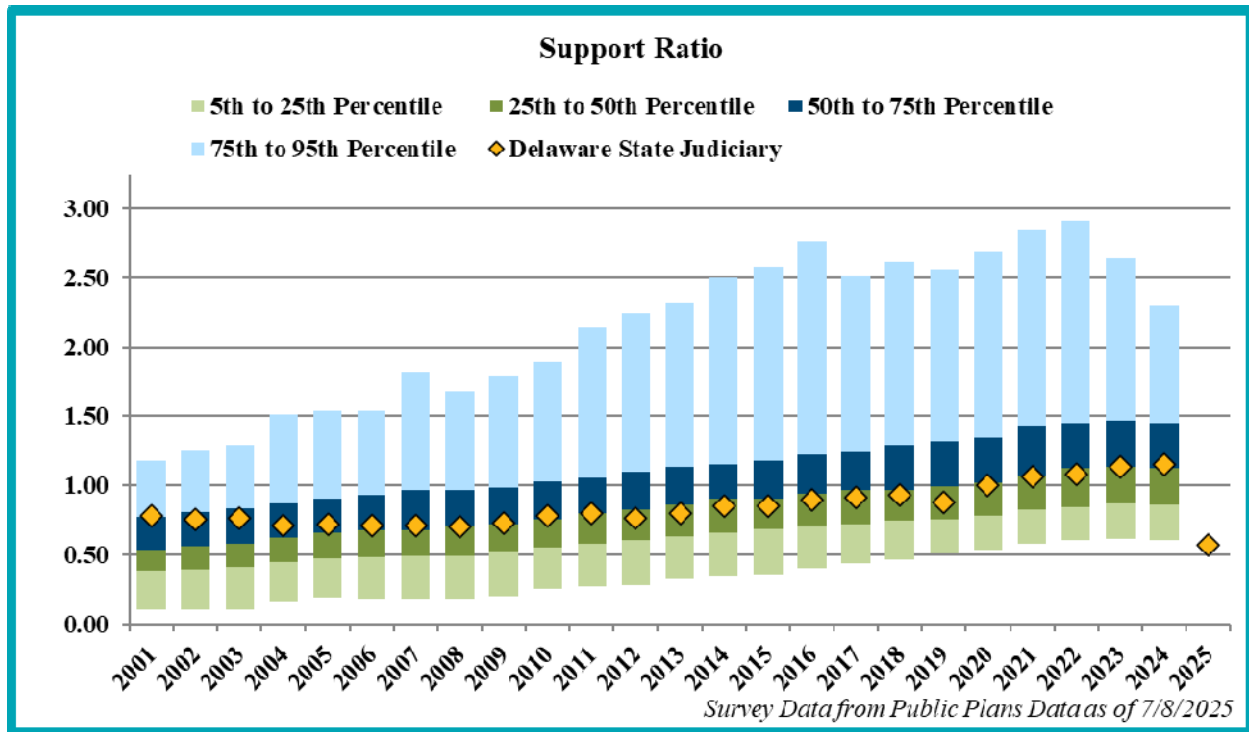
The most simplistic measure of the Plan's maturity is the support ratio, which is the ratio of the number of inactive members (those receiving benefits currently or entitled to a deferred benefit) to the number of active members. The following graph shows the support ratio over time for the Plan versus a universe of other public plans.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION II – RISK DISCLOSURE

Boston College's Center for Retirement Research, NASRA and the Center for State and Local Government Excellence maintain the Public Plans Database, which contains the majority of state plans and many large municipal plans. It covers over 95% of the membership in public plans and over 95% of the assets held by public pension plans.

The following chart shows the support ratio for all plans in this database since 2001. The colored bars represent the central 90% of the support ratios for the plans in the database. The gold diamonds represent the Delaware State Judiciary Pension. Note that this chart shows one more year for the System than the universe as the 2025 numbers are not yet available for the database.



This graph shows the support ratio for the Plan has generally increased over time until 2025. This graph shows that Delaware State Judiciary's support ratio is similar to its peers prior to the growth in enrollment in 2025 as a result of eligibility changes. As of the 2024 valuation for which the full database is available, the Delaware State Judiciary support ratio is about equal to the 50th percentile among all plans in the database. We expect the support ratio will decrease to about or below the 5th percentile for 2025 with the expansion of Plan eligibility.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION II – RISK DISCLOSURE

More Detailed Assessment

A more detailed assessment is always valuable to enhance the understanding of the risks identified above. However, this value must be compared with the costs of such an exercise. The costs, in this case, are both measurable costs as expressed by the actuarial fees for the additional assessment and the cost of staff time required to support the effort and more intangible costs, such as the additional information potentially drowning out the principal findings from the valuation and overwhelming decision makers.

Whether or not to have a more detailed risk assessment performed at this time is the Board's decision, but we do not believe that this additional risk assessment is required at this time based on our understanding of the Board's priorities.

Conclusion

The results of this valuation are based on the assumptions and methodology used within the valuation, and to the extent that actual experience deviates from these, the actual future measurements will deviate from those projected by this valuation. The most significant risks related to this are anticipated to be investment risk, mortality and other demographic risk, and assumption change risk.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION III – ASSETS

Pension plan assets play a key role in the financial operation of the Plan and in the decisions that the Board of Pension Trustees may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely affect benefit levels, State Actuarially Determined Contributions, and the ultimate security of members' benefits.

In this section, we present detailed information on the Plan's assets including:

- **Disclosure** of the Plan's assets at June 30, 2024 and June 30, 2025,
- Statement of the **changes** in market values during FY 2025,
- Development of the **Actuarial Value of Assets**,
- An assessment of **investment performance**, and
- A projection of the Plan's expected **cash flows** for the next 10 years.

Market Value of Assets Disclosure

The Market Values of Assets represent “snap-shot or cash-out” values that provide the principal basis for measuring financial performance from one year to the next. However, market values can fluctuate widely with swings in the marketplace, and as such, are usually not suitable for budgeting and long-range planning.

Table III-1 below shows the market values as of June 30, 2024 and June 30, 2025, along with the changes between the two.

Table III-1 Changes in Market Value of Assets		
Market Value of Assets – June 30, 2024		\$ 107,955,400
<u>Additions</u>		
Member Contributions	\$ 464,500	
State Contributions	3,145,300	
PRI Transfers	387,200	
Investment Returns	<u>11,704,600</u>	
Total Additions	\$ 15,701,600	
<u>Deductions</u>		
Benefit Payments	\$ 7,177,000	
Administrative Expenses	<u>23,400</u>	
Total Deductions	\$ 7,200,400	
Market Value of Assets – June 30, 2025		\$ 116,456,600

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION III – ASSETS

Actuarial Value of Assets

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce, or eliminate, erratic results that could develop from short-term fluctuations in the Market Value of Assets. The actuarial value for this plan equals the expected Actuarial Value of Assets, developed from the immediately prior valuation, plus 20% of the difference between the actual Market Value of Assets and the expected Actuarial Value of Assets at the valuation date. The table below illustrates the calculation of the Actuarial Value of Assets as of June 30, 2025.

Table III-2 Development of Actuarial Value of Assets		
1.	Actuarial Value of Assets at June 30, 2024	\$ 106,728,800
2.	Amount in (1) with interest to June 30, 2025 at 7.0% per year	114,199,800
3.	State, PRI and member contributions for FY 2025	3,997,000
4.	Interest on contributions assuming payments made uniformly throughout the year to June 30, 2025 at 7.0% per year	137,500
5.	Disbursements from Trust except investment expenses, July 1, 2024 through June 30, 2025	7,200,400
6.	Interest on disbursements to June 30, 2025 at 7.0% per year	<u>247,700</u>
7.	Expected Actuarial Value of Assets at June 30, 2025 = (2) + (3) + (4) – (5) – (6)	\$ 110,886,200
8.	Actual Market Value of Assets at June 30, 2025	\$ 116,456,600
9.	Excess of (8) over (7)	\$ 5,570,400
10.	Actuarial Value of Assets at June 30, 2025 = (7) + 20% of (9)	\$ 112,000,300

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION III – ASSETS

Investment Performance

The Market Value of Assets (MVA) returned 11.1% during 2025, which is greater than the assumed 7.0% investment rate of return. The Actuarial Value of Assets (AVA) returned 8.1% over this same year, reflecting the asset smoothing methodology being utilized by the Plan to measure the AVA. Because a maximum of 20% of the gain or loss from the performance of the Plan is recognized in a given year under the adopted asset smoothing method, in periods of very good performance, the AVA can lag significantly behind the MVA, and in a period of negative returns, the AVA does not decline as rapidly as the MVA.

Projection of Cash Flows

Table III-3 Cash Flow Projections		
Year Beginning July 1,	Expected Benefit Payments and Administrative Expenses	Expected Contributions*
2025	\$ 7,513,000	\$ 3,305,000
2026	7,824,000	3,740,000
2027	8,098,000	3,834,000
2028	8,291,000	3,930,000
2029	8,421,000	4,028,000
2030	8,728,000	4,129,000
2031	9,025,000	4,232,000
2032	9,369,000	4,338,000
2033	9,512,000	4,446,000
2034	9,596,000	4,557,000

* Expected contributions include State contributions, member contributions, and PRI transfers. For illustration purposes, we have assumed the State contribution rate will remain level at 15.66% from FYE 2027 forward and that payroll will increase at the actuarially assumed rate of 2.50% per year.

Expected benefit payments are projected for the closed group valued at June 30, 2025. Projecting any further than 10 years using a closed group would not yield reliable projections due to the omission of new hires in the benefit payments, compounded by their inclusion in the expected contributions.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION IV – LIABILITIES

In this section, we present detailed information on the Plan’s liabilities for funding purposes, including:

- **Disclosure** of the Plan’s liabilities at June 30, 2024 and June 30, 2025, and
- Statement of **changes** in these liabilities during the year.

Disclosure

Three liability measurements are calculated and presented in this report. Each type is distinguished by the purpose or purposes for which it is used.

- **Present Value of Benefits (PVB):** Used for analyzing the financial outlook of a plan, this represents the amount of money needed today to fund all future benefits and expenses of a plan, assuming current members continue to accrue benefits, there are no new entrants, and that all actuarial assumptions are met.
- **Actuarial Liability (AL):** Used for funding calculations for a plan and GASB disclosures, this liability is calculated by taking the present value of benefits (PVB) and subtracting the present value of future member contributions (PVFEEC) and the present value of future State normal costs (PVFNC) under an acceptable actuarial funding method. The Plan uses the **Entry Age Normal** funding method.
- **Present Value of Accrued Benefits (PVAB):** Used for communicating the current level of liabilities, this liability represents the total amount of money needed today to fully fund the current accrued obligations of a plan, assuming no future accruals of benefits or salary increases. These liabilities are also required for some accounting purposes of some plans (Topic No. 960). This plan is not subject to this requirement, but this information is provided for informational purposes, as it is sometimes used as part of assessing whether a plan can meet its current benefit commitments. However, it is not intended as a settlement liability value. Note that the development of this amount also assumes that all actuarial assumptions are met, including the assets earning 7.0% per year.

None of the liability amounts disclosed in this report are appropriate for measuring a settlement of the Plan’s liabilities.

The following table discloses each of these liabilities for the current and immediately prior funding valuations. With respect to each disclosure, a subtraction of an appropriate value of plan assets yields, for each respective type, either a net surplus or an unfunded amount.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION IV – LIABILITIES

**Table IV-1
Liabilities and Net (Surplus)/Unfunded Amounts**

	June 30, 2024	June 30, 2025
<u>Present Value of Benefits</u>		
Active Member Benefits	\$ 52,290,700	\$ 71,225,400
Retiree, Beneficiary, Disabled, and Terminated Member Benefits	66,023,300	68,435,600
Present Value of Benefits (PVB)	\$ 118,314,000	\$ 139,661,000
 Market Value of Assets (MVA)	 \$ 107,955,400	 \$ 116,456,600
Future Member Contributions	3,156,200	5,801,700
Future State Contributions & PRI Fund Transfers	7,202,400	17,402,700
Total Resources	\$ 118,314,000	\$ 139,661,000
 <u>Actuarial Liability</u>		
Present Value of Benefits (PVB)	\$ 118,314,000	\$ 139,661,000
Present Value of Future State Normal Costs (PVFNC)	18,704,800	34,296,800
Present Value of Future Member Contributions (PVFEEC)	3,156,200	5,801,700
Actuarial Liability (AL=PVB–PVFNC–PVFEEC)	\$ 96,453,000	\$ 99,562,500
Actuarial Value of Assets (AVA)	106,728,800	112,000,300
Net (Surplus)/Unfunded AL (AL – AVA)	\$ (10,275,800)	\$ (12,437,800)
 <u>Present Value of Accrued Benefits</u>		
Present Value of Benefits (PVB)	\$ 118,314,000	\$ 139,661,000
Present Value of Future Benefit Accruals (PVFBA)	25,136,000	43,012,000
Present Value of Accrued Benefits (PVAB=PVB–PVFBA)	\$ 93,178,000	\$ 96,649,000
 Market Value of Assets (MVA)	 \$ 107,955,400	 \$ 116,456,600
Net (Surplus)/Unfunded PVAB (PVAB – MVA)	\$ (14,777,400)	\$ (19,807,600)

SECTION IV – LIABILITIES

Low-Default-Risk Obligation Measure (LDROM)

The System invests in a diversified portfolio with the objective of maximizing investment returns at a reasonable level of risk. The lowest risk portfolio for a pension plan would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of the System. Such a portfolio, however, would have a lower expected rate of return than the diversified portfolio. The LDROM represents what the Present Value of Accrued Benefits Actuarial Liability would be if the System invested its assets in such a portfolio. As of June 30, 2025, we estimate that a portfolio representative of the Financial Times Stock Exchange (FTSE) Pension Liability index would have an expected return of 5.50% rounded to the nearest 0.25%, compared to the System's discount rate of 7.00%, and the LDROM would be \$111.0 million compared to the Present Value of Accrued Benefits Actuarial Liability of \$96.6 million. The \$14.4 million difference represents the expected taxpayer savings from bearing the risk of investing in the diversified portfolio. Alternatively, it also represents the cost of eliminating the investment risk.

If the System were to invest in the LDROM portfolio, the reported funded status would decrease, and contribution requirements would increase. Benefit security for members of the plan relies on a combination of the assets in the System, the investment returns generated on those assets, and the promise of future contributions. If the System were to invest in the LDROM portfolio, it would not change the amount of assets currently in the System, but it would reduce expected future investment returns and increase expected future contributions. However, the range of future investment returns and future contributions needed would narrow significantly.

Changes in Liabilities

Each of the liabilities disclosed in the prior table is expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New entrants since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities (or surpluses), developed from subtraction of an appropriate value of Plan assets from these liability measures, will change because of all of the above as well as due to changes in Plan asset measures resulting from:

- State contributions different than expected
- Investment earnings different than expected
- A change in the methodology used to measure Plan assets

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION IV – LIABILITIES

In each valuation, we report on those elements of change that are of particular significance, potentially affecting the long-term financial outlook of the Plan. Below we present key changes in the liabilities since the last valuation, in thousands.

Table IV-2 Liability Changes			
(In Thousands)	Present Value of Benefits	Actuarial Liability	Present Value of Accrued Benefits
Liabilities June 30, 2024	\$ 118,314	\$ 96,453	\$ 93,178
Liabilities June 30, 2025	139,661	99,563	96,649
Liability Increase/(Decrease)	21,347	3,110	3,471
Change Due to:			
PRI	0	0	0
Actuarial (Gain)/Loss	NC *	644	NC *
Benefit Changes	0	0	0
Assumption Changes	0	0	0
Benefits Accumulated and Other (Gain)/Loss	21,347	2,466	3,471

* NC = not calculated

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION IV – LIABILITIES

Table IV-3 below provides additional information about the liability measurements for funding purposes as of the current and the immediately prior valuations.

Table IV-3 Actuarial Liabilities for Funding		
	June 30, 2024	June 30, 2025
1. Actuarial Liabilities		
Retiree, Beneficiary, Disabled, and Terminated Members	\$ 66,023,300	\$ 68,435,600
Active Members	<u>30,429,700</u>	<u>31,126,900</u>
Total Actuarial Liability (AL)	\$ 96,453,000	\$ 99,562,500
2. Actuarial Value of Assets (AVA)	\$ 106,728,800	\$ 112,000,300
3. Unfunded Actuarial Liability (UAL) [AL – AVA]	\$ (10,275,800)	\$ (12,437,800)
4. Present Value of Outstanding PRI Transfers	\$ 387,200	\$ 0
5. Net Base for 20-Year UAL Amortization (3-4)	\$ (10,663,000)	\$ (12,437,800)

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION V – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level, if any, of contributions is needed to properly maintain the funding status of the plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both fairly stable and predictable.

For this plan, the funding method employed is the **Entry Age** actuarial funding method. Under this method, the total contribution has three components: the **normal cost contribution**, the **unfunded actuarial liability contribution** (UAL contribution), and the **administrative expense contribution**.

The State normal cost contribution rate is determined in the following steps. First, for each active member, an individual total normal cost rate is determined by taking the value, as of entry age into the Plan, of that member's projected future benefits and dividing it by the value, also at entry age, of the member's expected future salary. Then, the member's contribution rate reduces this individual total normal cost rate to produce the State normal cost rate for each member. This State normal cost rate, times payroll for each active member, equals the State normal cost. The sum of the State normal cost amounts for all active members is then divided by the covered payroll for all active members to produce the State normal cost contribution rate.

The actuarial liability is that portion of the present value of projected benefits that will not be paid by future State normal cost contributions or future member contributions. The difference between this liability and the funds accumulated as of the same date is referred to as the unfunded actuarial liability (UAL).

The UAL amortization payment rate is calculated by amortizing all UAL, after subtracting the present value of scheduled PRI transfers, over an open 20-year period. All payments are determined assuming total pay increases by the current annual inflation assumption of 2.50%.

The current assumed administrative expense rate is 0.15% of payroll. When applied to payroll, this rate is intended to provide an allowance above the cost of funding the benefits to pay for the expense of operating the Plan.

The table below presents and compares the State contribution rates for the Plan based on this funding valuation and the one immediately prior.

Table V-1 State Contribution Rate		
Valuation Date	June 30, 2024	June 30, 2025
FY Contribution Rate Payable	FY 2026	FY 2027
State Entry Age Normal Cost Rate	20.15%	20.39%
UAL Amortization Payment Rate	(6.43%)	(4.88)%
Administrative Expense Rate	0.15%	0.15%
Actuarially Determined Contributions	13.87%	15.66%

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION V – CONTRIBUTIONS

Table V-2 below provides additional detail about the development of the actuarially determined State contribution rate as well as the expected dollar amounts these rates will result in for FY 2027.

Table V-2 Expected FY 2027 State Contributions		
	In Dollars	As % of Payroll
1. Present Value of Projected Benefits Attributable to:		
a. Total Normal Cost	\$ 4,558,100	23.72%
b. Expected Member Contributions	<u>639,900</u>	<u>3.33%</u>
c. State Paid Normal Cost (a) – (b)	\$ 3,918,200	20.39%
2. Amortization of Unfunded Liability/(Surplus)	\$ (938,500)	(4.88)%
3. Allowance for Administrative Expense	<u>\$ 28,800</u>	<u>0.15%</u>
4. Total State Actuarially Determined Contributions (1) + (2) + (3)	\$ 3,008,500	15.66%

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION VI – ACCOUNTING STATEMENT INFORMATION

ASC Topic No. 960 of the Financial Accounting Standards Board (FASB) requires plans subject to it to disclose certain information regarding their funded status. This plan is not subject to this requirement, but this information is provided for informational purposes. Statement No. 67 of the Governmental Accounting Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

Disclosures based on FASB ASC Topic No. 960 provide a quasi “snap-shot” view of how the Plan’s assets compare to its liabilities if contributions stopped and accrued benefit claims had to be satisfied. However, due to potential legal requirements and the possibility that alternative interest rates would have to be used to determine the liabilities, these values may not be a good indication of the amount of money it would take to buy the benefits for all members if the Plan were to terminate and should not be considered a settlement value.

FASB ASC Topic No. 960 specifies that a comparison of the present value of accrued (accumulated) benefits with the market value of the assets as of the valuation date must be provided. Again, this plan is not subject to this requirement, but the relevant amounts as of June 30, 2024 and June 30, 2025 are provided for informational purposes and are exhibited in Table VI-1, which also includes a reconciliation of liabilities determined as of the prior valuation, July 1, 2024, to the liabilities as of June 30, 2025. These values are based on the funding liability results.

This valuation contains information reported in the June 30, 2025 Annual Comprehensive Financial Report (ACFR) of Delaware PERS under GASB Statement No. 67. Disclosures are based on the use of updated procedures to roll forward the 2024 funding valuation results.

The calculation of Net Pension Liability in Table VI-2 shows the amounts to be disclosed for FY 2025, based on the liabilities of the roll forward of the 2024 funding valuation, as well as a projection of the anticipated FY 2026 disclosures, based on liabilities from the 2025 funding valuation, assuming all actuarial assumptions are met over the coming year. The actual disclosures for FY 2026 will be developed once the asset measure for GASB as of June 30, 2026 is known.

Tables VI-3 through VI-5 are exhibits to be used for the State’s ACFR. Table VI-3 is the Note to Required Supplementary Information. Table VI-4 is a history of gains and losses in actuarial liability. Table VI-5 is the Schedule of Funded Liabilities by Type, which shows the portion of actuarial liability covered by the Actuarial Value of Assets. The Government Finance Officers Association (GFOA) has named this exhibit the Schedule of Funded Liabilities by Type. None of the liabilities or assets shown are appropriate for settlement purposes. Furthermore, the Schedule of Funded Liabilities by Type does not accurately depict a plan’s future financial condition but rather is a test developed by the GFOA to assess the level of funding that relies on the payroll for future hires to pay for the benefits that have already been accrued by the current population.

This valuation does not contain the additional disclosures required by GASB Statement No. 68, only for the State’s ACFR.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION VI – ACCOUNTING STATEMENT INFORMATION

**Table VI-1
Accounting Statement Disclosure and
Reconciliation of Present Value of Accrued Benefits**

	June 30, 2024	June 30, 2025
FASB ASC Topic No. 960 Basis		
1. Present Value of Accrued Benefits (PVAB)		
a. Members Currently Receiving Payments	\$ 62,166,500	\$ 64,865,700
b. Former Vested Members	3,856,800	3,569,900
c. Active Members	<u>27,154,700</u>	<u>28,213,400</u>
2. Total PVAB [1(a) + 1(b) + 1(c)]	\$ 93,178,000	\$ 96,649,000
3. Market Value of Assets (MVA)	<u>107,955,400</u>	<u>116,456,600</u>
4. Unfunded PVAB [2 – 3]	\$ (14,777,400)	\$ (19,807,600)
5. Ratio of MVA to PVAB [3 / 2]	115.9%	120.5%
Reconciliation of PVAB		
PVAB at June 30, 2024		\$ 93,178,000
Increase/(Decrease) During Year Attributable to:		
Passage of Time		6,275,500
Benefits Paid – FY 2025		(7,177,000)
Benefit Changes (PRI)		0
Assumption Changes		0
Benefits Accrued, Other Gains/Losses		<u>4,372,500</u>
Net Increase/(Decrease)		3,471,000
PVAB at June 30, 2025		\$ 96,649,000

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION VI – ACCOUNTING STATEMENT INFORMATION

**Table VI-2
GASB No. 67 Disclosures**

	June 30, 2025	Estimated June 30, 2026
<u>Total Pension Liability (TPL)</u>		
Service cost	\$ 2,931,000	\$ 4,559,000
Interest	6,710,000	7,031,000
Changes in benefit terms	0	0
Differences between expected and actual experience	477,000	644,000
Changes in assumptions	0	0
Benefit payments, including refunds of member contributions	(7,178,000)	(7,484,000)
Net change in TPL	\$ 2,940,000	\$ 4,750,000
TPL - beginning	\$ 95,976,000	\$ 98,916,000
TPL - ending (a)	\$ 98,916,000	\$ 103,666,000
<u>Fiduciary Net Position (FNP)</u>		
Contributions - State	\$ 3,145,000	\$ 2,665,000
Contributions - Non-employer (PRI)	387,000	0
Contributions – State Ad Hoc	0	0
Contributions - Member	465,000	640,000
Net investment income	11,704,000	8,007,000
Benefit payments, including refunds of member contributions	(7,178,000)	(7,484,000)
Administrative expenses	(23,000)	(29,000)
Net change in FNP	\$ 8,500,000	\$ 3,799,000
FNP - beginning	\$ 107,955,000	\$ 116,455,000
FNP - ending (b)	\$ 116,455,000	\$ 120,254,000
Net Pension Liability/(Asset) - ending [(a)-(b)]	\$ (17,539,000)	\$ (16,588,000)

Items printed in red will be replaced with actual amounts once known at the end of FY 2026.

The Plan will perform an experience study in early 2026 which could impact the estimated results shown here for FY 2026.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION VI – ACCOUNTING STATEMENT INFORMATION

Table VI-3

Note to Required Supplementary Information

The June 30, 2025 total pension liability presented in Table VI-2 was determined as part of the measurement at the date indicated. Additional information as of the latest measurement date follows.

Measurement date:	July 1, 2025
Valuation date:	July 1, 2024
Actuarial cost method:	Entry age normal
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	2.50%
Cost-of-living adjustments	ad hoc
* Equal to inflation at	2.50%

The Actuarially Determined Contribution for fiscal year 2027 will use the contribution rate developed in Section V of this valuation. It was determined using the measurement date and key assumptions that follow.

Measurement date:	July 1, 2025
Valuation date:	July 1, 2025
Actuarial cost method:	Entry age normal
Amortization method:	Percentage of pay – open Pay increases at 2.5% per year
Amortization period:	20 years
Asset valuation method:	Smoothed market, 20% annual market weight
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	2.50%
Cost-of-living adjustments	ad hoc
* Equal to inflation at	2.50%

The actuarial assumptions used have been recommended by the actuary and adopted by the Plan's Board of Pension Trustees based on the most recent review of the Plan's experience completed in 2021. The economic assumptions were updated first effective with the 2017 valuation based on the Board's annual review of these assumptions.

The total rate of State contributions to the Plan is composed of the State normal cost rate, the unfunded actuarial liability amortization payment rate, and the administrative expenses rate. The State normal cost rate is a level percent of payroll cost that, along with member contributions, will pay for projected benefits at retirement for each active member. The actuarial liability is that portion of the present value of projected benefits that will not be paid by future State normal costs or future member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability. The allowance for administrative expenses is based upon the Plan's actual administrative expenses.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

SECTION VI – ACCOUNTING STATEMENT INFORMATION

**Table VI-4
Analysis of Financial Experience**

**Gain and Loss in Actuarial Liability during Years Ended June 30
Resulting from Differences between Assumed Experience and Actual Experience**

*Gain (or Loss) for Year Ending June 30,
(expressed in thousands)*

Type of Activity	2020	2021	2022	2023	2024	2025
Investment Income on Actuarial Assets	\$ 222	\$ 5,708	\$ 16	\$ (369)	\$ 307	\$ 1,114
Combined Liability Experience	<u>22</u>	<u>(551)</u>	<u>422</u>	<u>(1,435)</u>	<u>(477)</u>	<u>(644)</u>
(Loss)/Gain during Year from Financial Experience	244	5,157	440	(1,804)	(170)	470
Non-Recurring Items	<u>(293)</u>	<u>(647)</u>	<u>(691)</u>	<u>0</u>	<u>(387)</u>	<u>0</u>
Composite Gain (or Loss) during Year	\$ (49)	\$ 4,510	\$ (253)	\$ (1,804)	\$ (557)	\$ 470

**Table VI-5
Schedule of Funded Liabilities by Type
Aggregate Actuarial Liabilities for
(expressed in thousands)**

Valuation Date June 30,	Active Member Contributions	Retirees & Beneficiaries	Active Member State-Financed Contributions	Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
2025	\$ 4,750	\$ 64,866	\$ 29,947	\$ 112,000	100%	100%	142%
2024	4,667	62,167	29,619	106,729	100	100	135
2023	4,755	60,748	27,565	104,386	100	100	141
2022	4,769	58,040	26,551	101,740	100	100	147
2021	4,773	55,910	26,239	98,823	100	100	145
2020	5,310	50,174	28,984	90,416	100	100	128

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

Delaware State Judiciary Pension Plan Data Reconciliation						
	A	P-TDV	P-RET	P-DIS	P-SURV	Total
1. June 30, 2024 valuation	60	3	48	0	18	129
2. Additions						
(a) New entrants	69					69
(b) New Beneficiary/QDRO					1	1
(c) Total	69				1	70
3. Reductions						
(a) Terminated - not vested						
(b) Paid Out/Expired/Death			(2)		(1)	(3)
(c) Total			(2)		(1)	(3)
4. Changes in status						
(a) P-TDV	(1)	1				
(b) Returned to work						
(c) P-RET	(3)	(1)	4			
(d) P-DIS						
(e) P-SURV						
(f) Data corrections						
(g) Total	(4)		4			
5. June 30, 2025 valuation	125	3	50	0	18	196

A=Active, P-TDV=Terminated Deferred Vested, P-RET=Retired, P-DIS=Disabled , P-SURV=Surviving Beneficiary

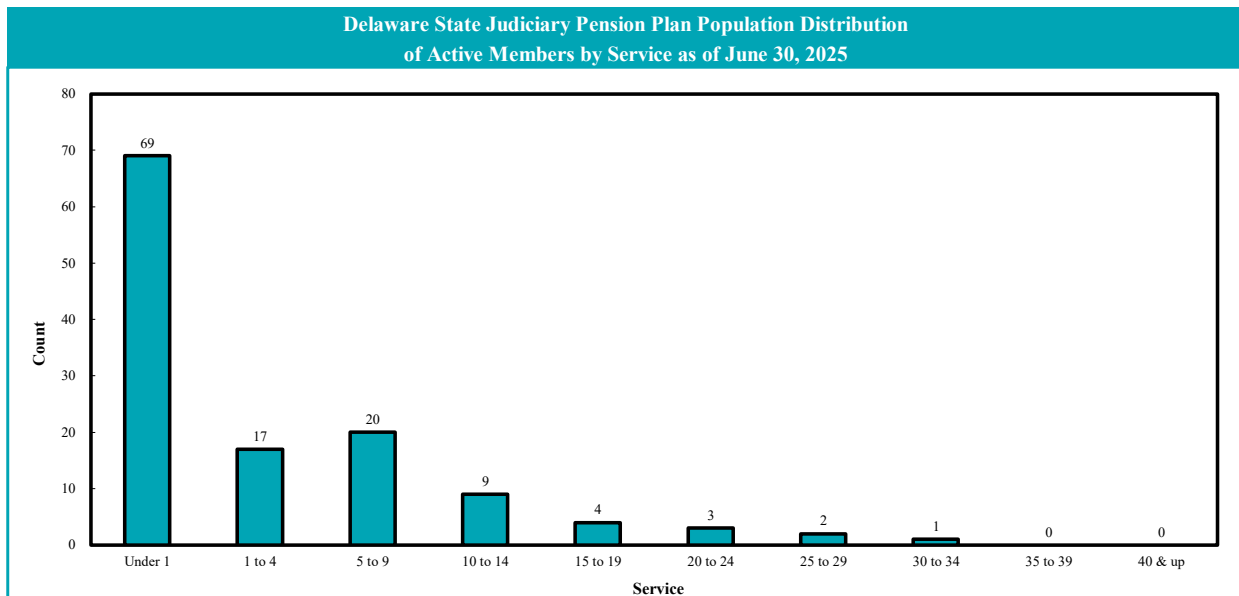
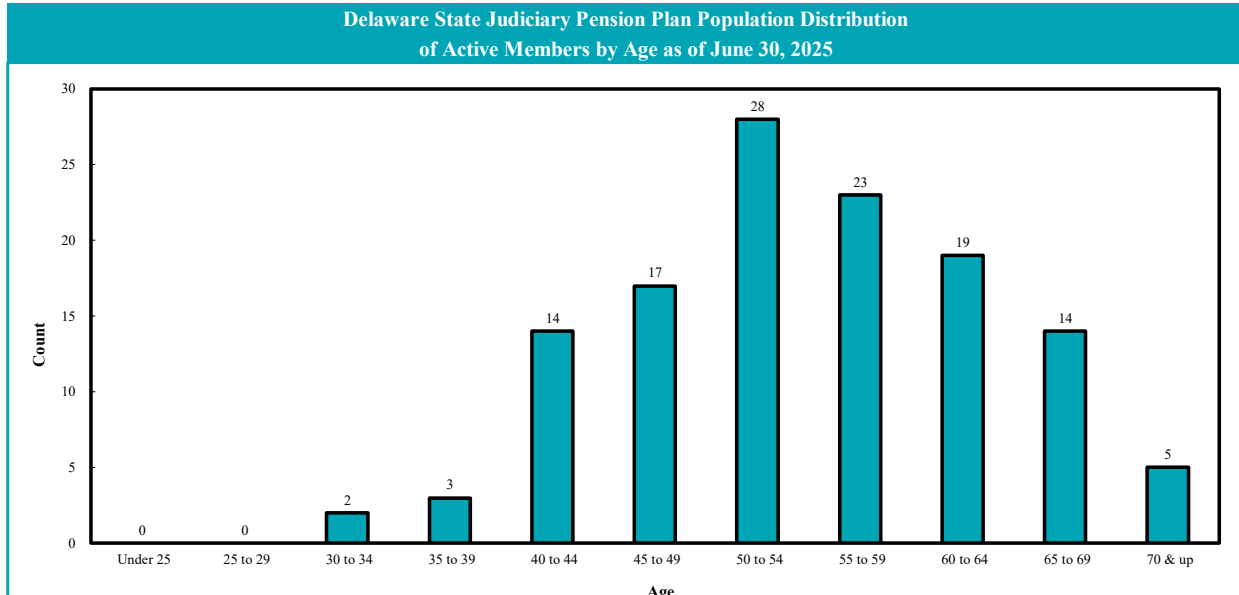
**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

Delaware State Judiciary Pension Plan Population Distribution of Active Members by Age and Service as of June 30, 2025											
Counts By Age/Service											
Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0
30 to 34	2	0	0	0	0	0	0	0	0	0	2
35 to 39	3	0	0	0	0	0	0	0	0	0	3
40 to 44	10	2	2	0	0	0	0	0	0	0	14
45 to 49	10	4	3	0	0	0	0	0	0	0	17
50 to 54	20	5	2	1	0	0	0	0	0	0	28
55 to 59	13	3	2	2	3	0	0	0	0	0	23
60 to 64	6	3	5	3	1	0	1	0	0	0	19
65 to 69	4	0	5	1	0	2	1	1	0	0	14
70 & up	1	0	1	2	0	1	0	0	0	0	5
Total	69	17	20	9	4	3	2	1	0	0	125

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION



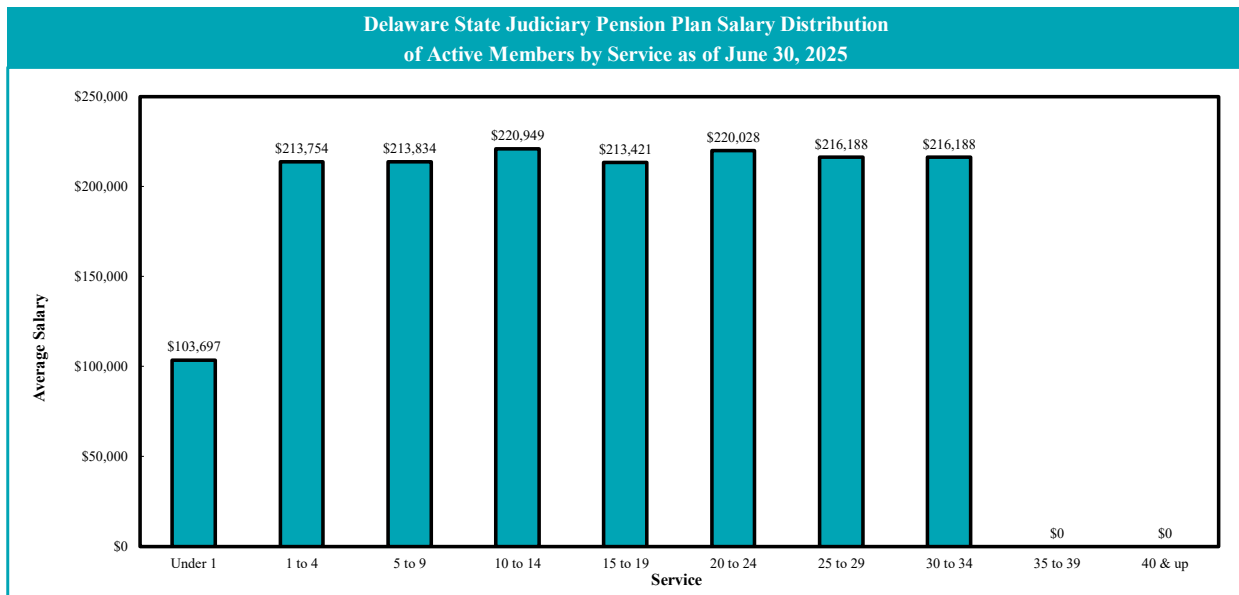
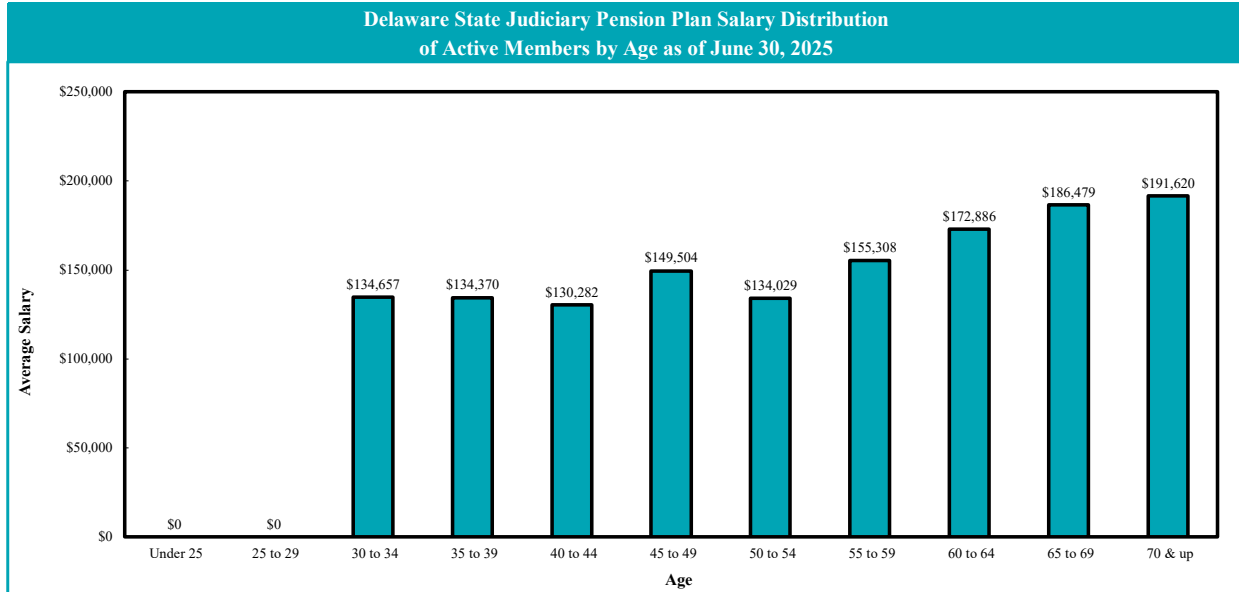
**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

Delaware State Judiciary Pension Plan Salary Distribution of Active Members by Age and Service as of June 30, 2025											
Average Salary by Age/Service											
Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
25 to 29	0	0	0	0	0	0	0	0	0	0	0
30 to 34	134,657	0	0	0	0	0	0	0	0	0	134,657
35 to 39	134,370	0	0	0	0	0	0	0	0	0	134,370
40 to 44	95,919	216,188	216,188	0	0	0	0	0	0	0	130,282
45 to 49	99,252	219,215	224,064	0	0	0	0	0	0	0	149,504
50 to 54	105,951	211,024	181,238	216,188	0	0	0	0	0	0	134,029
55 to 59	110,428	212,036	216,188	216,188	211,884	0	0	0	0	0	155,308
60 to 64	80,548	211,117	213,606	221,981	218,031	0	216,188	0	0	0	172,886
65 to 69	102,814	0	218,609	241,657	0	216,188	216,188	216,188	0	0	186,479
70 & up	81,828	0	216,188	216,188	0	227,708	0	0	0	0	191,620
Total	\$ 103,697	\$ 213,754	\$ 213,834	\$ 220,949	\$ 213,421	\$ 220,028	\$ 216,188	\$ 216,188	\$ 0	\$ 0	\$ 153,732

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30 2025**

APPENDIX A – MEMBERSHIP INFORMATION



**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX A – MEMBERSHIP INFORMATION

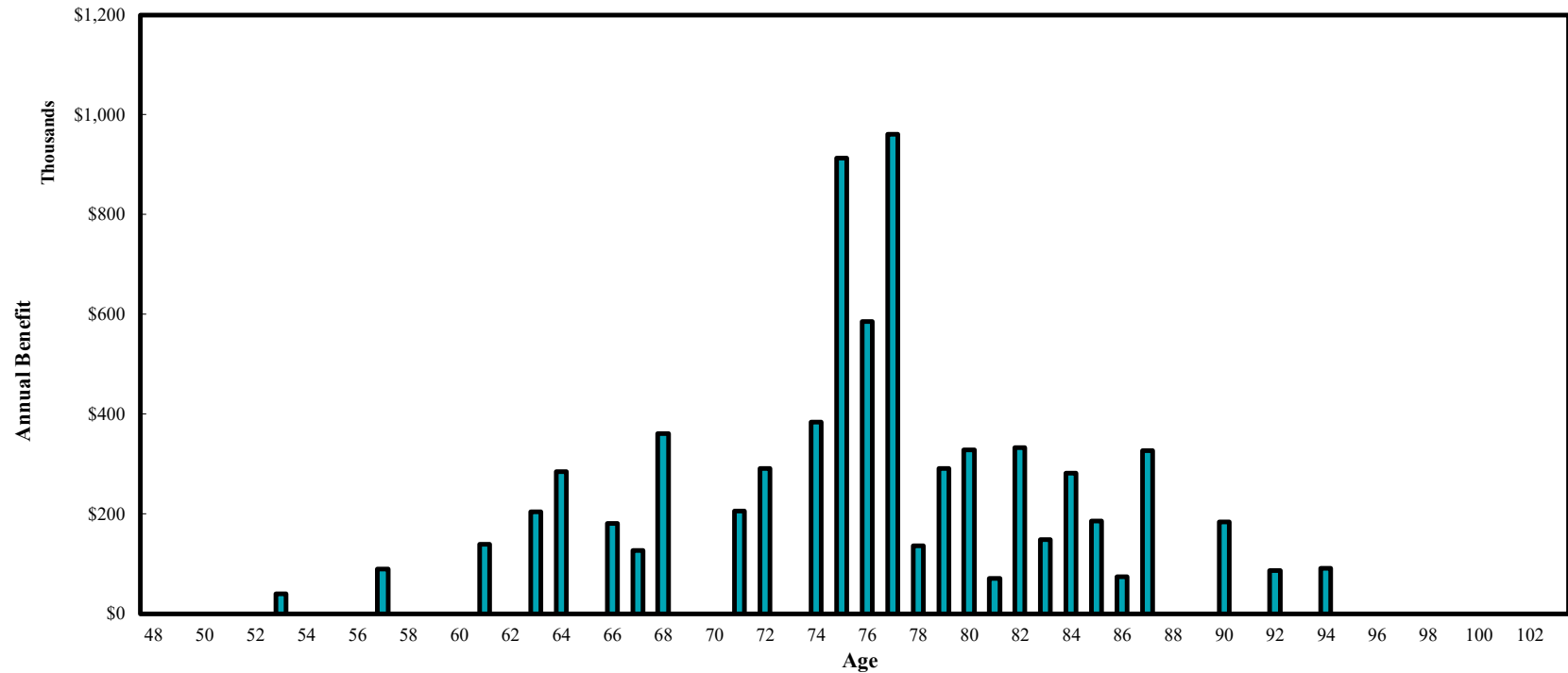
Delaware State Judiciary Pension Plan Distribution by Age of Retired Members, Beneficiaries, and Disabled Members as of June 30, 2025

Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	0	\$ -	68	3	\$ 360,903
25	0	-	69	0	-
26	0	-	70	0	-
27	0	-	71	2	205,815
28	0	-	72	3	291,253
29	0	-	73	0	-
30	0	-	74	3	384,554
31	0	-	75	7	913,190
32	0	-	76	5	585,953
33	0	-	77	9	961,098
34	0	-	78	1	136,046
35	0	-	79	3	291,202
36	0	-	80	3	328,401
37	0	-	81	1	70,821
38	0	-	82	4	332,079
39	0	-	83	1	148,292
40	0	-	84	2	281,451
41	0	-	85	2	185,920
42	0	-	86	1	73,646
43	0	-	87	3	326,682
44	0	-	88	0	-
45	0	-	89	0	-
46	0	-	90	3	183,836
47	0	-	91	0	-
48	0	-	92	1	86,150
49	0	-	93	0	-
50	0	-	94	1	90,929
51	0	-	95	0	-
52	0	-	96	0	-
53	1	39,167	97	0	-
54	0	-	98	0	-
55	0	-	99	0	-
56	0	-	100	0	-
57	1	89,673	101	0	-
58	0	-	102	0	-
59	0	-	103	0	-
60	0	-	104	0	-
61	1	139,570	105	0	-
62	0	-	106	0	-
63	2	203,915	107	0	-
64	2	285,012	108	0	-
65	0	-	109	0	-
66	2	180,999	110	0	-
67	1	126,240	111	0	-
			Totals	68	\$ 7,302,798

DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025

APPENDIX A – MEMBERSHIP INFORMATION

Delaware State Judiciary Pension Plan Distribution by Age of Retired
Members, Beneficiaries, and Disabled Members as of June 30, 2025



**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A. Long-Term Assumptions Used to Determine Plan Costs and Liabilities

1. Demographic Assumptions

a. Rates of Mortality

Mortality rates are based on the sex-distinct employee, healthy annuitant, and disabled annuitant mortality tables described below, including adjustment factors applied to the published tables for each group. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year shown below.

**i. Sample Rates of Mortality for Active Healthy Lives at Selected Ages
(number of deaths per 10,000 members):**

(2025 Values Shown)		
Age	Male	Female
25	3	1
30	5	2
35	7	3
40	9	4
45	10	5
50	14	8
55	21	12
60	33	19
65	46	28
70	64	43
75	96	71
80	154	121

Rates are based on 100% of the Pub-2010 General Employee Mortality Table, for males and females, using the Pub-2010 General Benefits Weighted Healthy Annuitant Mortality Table rates after the end of the General Employee Mortality Table, both projected from the 2010 base rates using the RPEC-2020 model, with an ultimate rate of 0.85% for ages 20-80, grading down to an ultimate rate of 0% for ages 114-120, and convergence to the ultimate rate in the year 2027. The valuation uses a fully generational projection of mortality improvements. Sample rates shown are those projected through the valuation date.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

**ii. Sample Rates of Mortality for Healthy Annuitant Lives at Selected Ages
(number of deaths per 10,000 members):**

(2025 Values Shown)		
Age	Male	Female
50	29	20
55	44	29
60	67	40
65	97	58
70	149	92
75	251	165
80	454	306
85	842	585
90	1,474	1,101
95	2,309	1,806
100	3,326	2,721

Rates are based on 107% and 100% of the Pub-2010 General Benefits Weighted Healthy Annuitant Mortality Table, respectively, for males and females, using the Pub-2010 General Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2010 base rates using the RPEC-2020 model, with an ultimate rate of 0.85% for ages 20-80, grading down to an ultimate rate of 0% for ages 114-120, and convergence to the ultimate rate in the year 2027. The valuation uses a fully generational projection of mortality improvements. Sample rates shown are those projected through the valuation date.

b. Sample Rates of Active Disability

None assumed

c. Termination of Employment (Prior to Normal Retirement Eligibility)

None assumed

d. Rates of Retirement

Normal Retirement: 25% for all years the member is retirement eligible upon attaining age 62 with 12 years of credited service.

100% probability of retirement once reaching age 75. Rates only applicable if member meets eligibility.

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

e. Salary Increase Rates

Salaries are assumed to increase 3.90% from FYE 2021 to FYE 2022, 3.40% from FYE 2022 to FYE 2023, 2.80% from FYE 2023 to FYE 2024.

For all future years, the salary increase is assumed to be equal to the assumed annual inflation rate of 2.50%.

f. Family Composition

Female spouses are assumed to be three years younger than males. 80% are assumed married for both male and female employees. This assumption applies to both the pre-retirement death benefits as well as the 66 2/3% joint and survivor form of payment post retirement.

Actual marital characteristics are used for pensioners.

2. Economic Assumptions

- | | |
|--|-------|
| a. Investment Rate of Return net of investment fees: | 7.00% |
| b. General Wage Increase Rate: | 2.50% |
| c. Annual Assumed Cost-of-Living Increase Rate for Retirees: | 0.00% |
| d. Total Payroll Increase Rate (for Amortization): | 2.50% |
| e. Administrative Expenses as a Percentage of Covered Payroll: | 0.15% |

3. Rationale for Assumptions

The assumptions were adopted by the Board of Pension Trustees upon recommendation of the actuary, based on an experience study review performed in 2021 and covering the period July 1, 2015 through June 30, 2020. The Board continually reviews the investment rate of return assumption and adopted a reduced rate of 7.0% at the advice of its investment consultants, first effective for funding with the 2017 valuation. We find the investment return assumption to be reasonable based on the System's current asset allocation and the capital market outlook of the Delaware Office of the State Treasurer and Cash Management Policy Board.

4. Technical and Miscellaneous Assumptions

- | | |
|------------------------------------|--|
| a. Decrement timing: | Middle of year, except at 100% retirement, which is assumed at the beginning of year |
| b. Eligibility timing: | As of beginning of year |
| c. Crediting interest for refunds: | 5.00% |

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

5. Disclosures Regarding Models Used

In accordance with Actuarial Standard of Practice (ASOP) No. 56 *Modeling*, the following disclosures are made:

a. Valuation Software

Cheiron utilizes ProVal, an actuarial valuation software program leased from Winklevoss Technologies (WinTech), to calculate liabilities and projected benefit payments. We have reviewed the underlying workings of this model to the degree feasible and consistent with ASOP No. 56 and believe them to be appropriate for the purposes of the valuation.

b. Projections

This valuation report includes projections of future contributions and funded status for the purpose of assisting the Board of Pension Trustees and the sponsors of the Plan with the management of the Plan.

The projections are based on the same census data and financial information as of June 30, 2025 as disclosed in this actuarial valuation. The projections assume continuation of the Plan provisions and actuarial assumptions in effect as of June 30, 2025 and do not reflect the impact of any changes in benefits or actuarial assumptions that may be adopted after June 30, 2025.

The projections assume that all future assumptions are met except where specifically indicated. The future outcomes become increasingly uncertain over time, and therefore the general trends and not the absolute values should be considered in the review of these projections. Further, for the purpose of these projections, we have only reflected the impact of new entrants entering the Plan in aggregate and have not developed individual liabilities or detailed profiles related to these potential new entrants. We feel this is appropriate for the purpose of these projections, but if they were to be used for other purposes, this may not be appropriate and alternative projections may need to be developed.

6. Disclosure for Reasonable Actuarially Determined Contribution Method (ADC)

The rate determined in this valuation meets the requirements of a reasonable ADC as defined by the Actuarial Standards of Practice. The actuarial methods used to determine the reasonable ADC have been selected to balance benefit security, intergenerational equity, and stability of contributions. The selection of the actuarial methods has taken into account the demographics of plan members, the funding goals and objectives of the Board, and the need to accumulate assets to make benefit payments when due.

7. Changes and Rationale Since Last Valuation

None

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Funding Method

The Entry Age Normal funding method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active member. The normal cost rate times payroll equals the normal cost for each active member. The normal cost plus member contributions will pay for projected benefits at retirement for each active plan participant.

The actuarial liability is that portion of the present value of projected benefits that will not be paid by future State normal costs or member contributions. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the actuarial liability in excess of Plan assets is amortized to develop an additional cost or savings that is added to each year's employer normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability.

The portion of unfunded liability not expected to be paid through PRI transfers is amortized over a rolling 20-year period as a percentage of payroll. PRI transfers are made to pay for each PRI as granted. These transfers are treated as a receivable for purposes of developing the State rate. All payments are determined assuming total pay increased by the annual inflation rate. Use of a rolling amortization period means that the UAL amount if applicable is never anticipated to be fully paid off. This method was chosen to provide for a more level contribution rate over time.

2. Actuarial Value of Assets

For purposes of determining the State Judiciary employer contribution rate to the Plan, we use an Actuarial Value of Assets. This asset smoothing method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

The Actuarial Value of Assets is a weighted average giving 20% weight to the current market value and 80% weight to the prior year's actuarial value increased by expected interest and contributions and decreased by benefit payments and expenses. This is mathematically equivalent to recognizing 100% of the actuarially assumed interest rate, plus contributions, fewer payments each year, and 20% of the portion of each year's returns that have not already been reflected in asset values.

3. Changes Since Last Valuation

None

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

This appendix provides a summary of the Plan provisions. Where the Plan, as determined by the State Code and the Plan Rules and Regulations, and this summary differ, the Plan governs.

1. Membership

The Plan covers individuals while members of the State Judiciary.

As of February 9, 2025, the eligibility was extended to include Justices of the Peace, Commissioners of the Superior Court, Family Court, and Court of Common Pleas (“Commissioners”), and Magistrates in Chancery (“Magistrates”).

2. Member Contributions

If hired before February 9, 2025:

3% of compensation, which exceeds \$6,000 per annum plus an additional

2% of compensation in excess of the Social Security wage base

If hired on or after February 9, 2025:

5% of compensation, which exceeds \$6,000 per annum

Eligible active members who transferred from the State Employees’ Pension Plan under Senate Bill 42 on February 9, 2025 contribute at the State Employees’ employee contribution rate as follows:

If hired prior to January 1, 2012:

3% of compensation, which exceeds \$6,000 per annum

If hired on or after January 1, 2012:

5% of compensation, which exceeds \$6,000 per annum

3. Credited Service

All service as a member

After accruing 12 years of Judicial service, previous State service may be credited for purposes of retirement eligibility.

4. Final Average Compensation

Final Average Compensation is the average over the highest three consecutive years (or shorter period of service) of compensation paid to the judge.

5. Normal Retirement

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Eligibility: (i) age 62 with 12 years of service as a judge, or (ii) any age with 24 years of service, or (iii) involuntarily retired after 22 years of service as a judge

Benefit: 1/24 of final average compensation for each of the first 12 years of service as a judge plus 1/48 of final average compensation for each of the next 12 years of service as a judge

6. Disability Benefit

Eligibility: Permanently disabled while active

Benefit: Normal retirement benefit with the following revisions: For judges appointed after June 30, 1980, a minimum of 12 years of service as a judge and a maximum of 24 years of service as a judge is used in the benefit determination.

7. Survivor's Benefit

A pension is payable to the surviving spouse of a judge who dies in office regardless of his or her number of years of service at the time of death. A pension is also payable to the surviving spouse of a former judge with a vested right to a pension or a retired judge. If a judge is not survived by a spouse, a pension is payable to surviving eligible dependent children, if any, in equal shares until the youngest unmarried child attains age 18 (or age 22 if attending school or child's death if permanently disabled), as follows:

Eligibility: Death while in office

Benefit: For eligible survivors of members who die in office: 66 ⅔% of the member's accrued pension based on not less than 12 years of service, deferred to age 50, or reduced if paid prior to age 50, with a 2% reduction for form of payment.

8. Vesting

Eligibility: 12 or more years of service as a judge

Benefit: Normal Retirement based on final average compensation and service at date of termination. Death prior to starting a monthly benefit results in a 50% spousal benefit, if eligible spouse exists, commencing when member would have been age 62. In lieu of a pension, a member may receive a refund of accumulated contributions (with interest for judges appointed after June 30, 1980). Upon application for a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

9. Withdrawal

Eligibility: Terminated service

**DELAWARE STATE JUDICIARY PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2025**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Benefit: Accumulated employee contributions with interest for judges appointed prior to July 1, 1980. Accumulated employee contributions with interest for judges appointed after June 30, 1980.

10. Form of Payment

The normal form of payment is a 50% joint and survivor annuity.

As an alternative to the normal form, a member may elect one of the following optional forms of payment upon service retirement or disability:

- 66 2/3% joint and survivor form with a 2% reduction in benefits,
- 75% joint and survivor form with a 3% reduction in benefits, or
- 100% joint and survivor form with a 6% reduction in benefits.

The 66 2/3% and 100% options are only available for retirement on or after January 1, 2015.

11. Cost-of-Living Adjustment

Cost-of-living adjustments are made only on an ad hoc basis.

12. Changes Since Last Valuation

Effective February 9, 2025 under Senate Bill 42, the State Judiciary Plan eligibility was extended to include Justices of the Peace, Commissioners, and Magistrates. Active employees in these positions that were previously covered under the State Employees' Pension Plan were eligible to elect to switch to the State Judiciary Pension Plan. These members continue to contribute at their previous contribution rates (3% or 5% of compensation in excess of \$6,000, dependent on their date of hire), in the State Employees' Pension Plan.

In addition, the member contribution rate for members hired on or after February 9, 2025 was increased to 5% of compensation in excess of \$6,000. The member contribution rate for those in the Judiciary Pension Plan before February 9, 2025 remains at 3% of compensation in excess of \$6,000, with an addition 2% for compensation in excess of the Social Security Wage Base.



Classic Values, Innovative Advice